

Message Text

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ACTION COME-00

INFO OCT-01 NEA-09 ISO-00 EB-07 USIA-15 STR-04 OMB-01

TRSE-00 CIAE-00 INR-07 NSAE-00 RSC-01 CIEP-02 AGR-10

XMB-04 DODE-00 PM-03 H-02 L-02 NSC-05 PA-02 PRS-01

SP-02 SS-15 NIC-01 AID-05 IGA-01 FEAE-00 FPC-01 OES-05

ABF-01 /107 W

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P R 241125Z JAN 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 6492

INFO AMEMBASSY ISLAMABAD

AMEMBASSY KARACHI

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS SECTION 1 OF 2 NEW DELHI 1129

E.O. 11652: N/A

TAGS: BEXP IN

SUBJECT: POST RECOMMENDATIONS FOR FY 1976 COUNTRY

COMMERCIAL PROGRAM (CCP)

REF: A) STATE A-9016, 6 DEC 74

B) NEW DELHI A-418, 4 NOV 74

1. THE FOLLOWING ARE OUR RECOMMENDATIONS FOR THE FISCAL YEAR 1976 CCP, USING THE REVISED FORMAT CONTAINED IN THE REFERENCED STATE AIRGRAM.

2. SECTION I: OVERVIEW: THE OVERALL COMMERCIAL GOALS IN INDIA ARE: (1) IMPROVE THE US SHARE OF INDIA'S IMPORTS FINANCED WITH FREE FOREIGN EXCHANGE AND CREDITS EXTENDED BY INTERNATIONAL FINANCIAL INSTITUTIONS; (2) IDENTIFY POTENTIAL MARKETS FOR COMMODITIES, EQUIPMENT AND INDUSTRIAL

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MACHINERY THROUGH MARKET RESEARCH FOCUSED ON HIGH PRIORITY

PROJECTS DESIGNATED BY THE GOI: (3) IDENTIFY LARGE SCALE INDUSTRIAL AND INFRASTRUCTURE PROJECTS WHICH ARE BEING FINANCED BY THIRD COUNTRIES OR INTERNATIONAL FINANCIAL INSTITUTIONS WHICH PROVIDE OPPORTUNITIES FOR US SUPPLIERS OF EQUIPMENT AND ENGINEERING SERVICES; (4) DEVELOP SPECIAL TRADING ARRANGEMENTS WHICH DO NOT INVOLVE DIRECT TRANSFER OF FOREIGN EXCHANGE; (5) PROVIDE OFFICIAL REPRESENTATION, AS REQUIRED, TO PROTECT THE INTERESTS OF US INVESTMENTS IN INDIA AND EXPEDITE APPROVAL OF NEW JOINT VENTURES.

3. INDIA SEEKS AN EXPANSION OF ITS ECONOMIC RELATIONS WITH BOTH THE US AND THE COMMUNIST COUNTRIES IN ORDER TO PURSUE THE GOALS OF ITS MIXED ECONOMY. INDIAN GOVERNMENT EXTERNAL ECONOMIC POLICIES WILL CONTINUE TO EMPHASIZE EXPORT LED DEVELOPMENT AND IMPORT SUBSTITUTION.

4. INDIA WILL FACE SERIOUS ECONOMIC PROBLEMS DURING FY 76. INFLATION, RECENTLY IN THE 25-30 PERCENT RANGE WILL PROBABLY CONTINUE IN THE IMMEDIATE FUTURE DUE TO BUDGETARY DEFICITS AND SCARCITIES OF FOOD AND RAW MATERIALS. IN SPITE OF IMPROVED EXPORT PERFORMANCE, A LARGER TRADE DEFICIT IS ANTICIPATED AND INDIA'S FOREIGN EXCHANGE WILL BE ALLOCATED FIRST FOR IMPORTS OF FOOD GRAIN, FERTILIZER, PETROLEUM AND THE MOST ESSENTIAL RAW MATERIALS. WEATHER-RELATED CROP FAILURES, AN ACUTE SHORTAGE OF ELECTRIC POWER, SHORTAGES OF KEY RAW MATERIALS HAVE ALL CONTRIBUTED TO THE POOR ECONOMIC OUTLOOK. INDUSTRIAL PRODUCTION WILL PROBABLY SHOW GROWTH DURING THE COMING YEAR, OF PERHAPS HALF AT THE MOST OF THE 8-10 PERCENT REAL RATE OF MANY EARLIER YEARS.

5. THE US ENJOYS A FAVORABLE POSITION IN INDIA'S INTERNATIONAL TRADE. TOTAL IMPORTS SINCE 1968 HAVE BEEN IN THE DOLS2 TO DOLS2.5 BILLION RANGE. THE US SHARE RANGED BETWEEN 23 TO 35 PERCENT DURING 1968 TO 1971 WHEN AID AND PL 480 FINANCING COVERED ABOUT 70 PERCENT OF INDIA'S EXPORTS FROM THE US. TOTAL US EXPORTS TO INDIA DURING 1972 AND 1973 WERE DOLS345 AND DOLS525 MILLION RESPECTIVELY AND ARE EXPECTED TO REACH DOLS700 MILLION IN 1974 WITH HALF OR MORE AGRICULTURAL PRODUCTS. THE UNCLASSIFIED

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EMBASSY ESTIMATES THERE ARE 420 US FIRMS IN INDIA WITH INVESTMENTS HAVING A BOOK VALUE TOTALING DOLS325 MILLION. THE GOI HAS FOLLOWED A POLICY OF SELECTIVITY IN APPROVAL OF FOREIGN INVESTMENTS, PLACING EMPHASIS ON TRANSFER OF IMMEDIATELY NEEDED TECHNOLOGY AND DECREASING FOREIGN EQUITY POSITION IN JOINT VENTURES.

6. SECTION II: SUMMARY OF PROGRAM ACTIVITIES

(1) PRODUCT CAMPAIGNS

(1.1) MINING/MINE PLANT PROCESSING/EARTHMOVING/
CONSTRUCTION MACHINERY: IN FY 76, THE SECOND YEAR OF
THIS CAMPAIGN, WE WILL ATTEMPT TO REALIZE THE SALES
POTENTIAL FOR THESE PRODUCT CATEGORIES, PROVIDED BY THE
SUCCESSFUL DECEMBER TRADE MISSION VISIT. THE GOI NOW
ATTACHES A HIGH PRIORITY TO THE MINING SECTOR.

EXPECTED RESULTS: RETURN VISITS BY MISSION
MEMBERS TO COMPLETE AT LEAST TWO AGENCY ARRANGEMENTS AND
TO FULFILL THE MISSION'S TWELVE-MONTH SALES PROJECTION
OF DOL\$5 MILLION. OUR EFFORTS TO PROMOTE SALES TO THE
KUDREMUKH PROJECT (SEE REF B) WILL ALSO BE INCLUDED IN
THIS CAMPAIGN.

(1.2) ELECTRONICS AND COMMUNICATIONS EQUIPMENT:
THIS CAMPAIGN BEGAN IN FY 1974 WITH A DESK SURVEY ON ELECTRONIC
COMPONENTS. A FULL SCALE SURVEY ON COMPUTER PERIPHERALS
HAS JUST BEEN AUTHORIZED FOR FY 1975. WE WILL PROGRAM
EITHER A TRADE MISSION OR A CATALOG SHOW, DEPENDING ON THE
RESULTS OF THE MARKET RESEARCH. WE WILL ALSO PREPARE A
REPORT ON THE SANTA CRUZ ELECTRONICS FREE ZONE AND ENCOURAGE
THE MOUNTING OF AT LEAST ONE PRIVATE INDUSTRY SPONSORED
SEMINAR IN THIS PRODUCT AREA.

EXPECTED RESULTS: WE HOPE TO INTRODUCE AT LEAST
20 NEW US FIRMS TO THE INDIAN MARKET, DEVELOP 25 TRADE
OPPORTUNITIES AND PROVIDE MAXIMUM EXPOSURE TO US PRODUCTS
IN THIS CATEGORY.

(1.3) SCIENTIFIC, INDUSTRIAL AND MEDICAL INSTRUMENTS:
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BASED ON OUR MARKET RESEARCH FINDINGS, WE WILL RECOMMEND
MOUNTING OF A CATALOG SHOW IN AT LEAST FOUR INDIAN CITIES
DURING FY 76.

EXPECTED RESULTS: TWENTY NEW FIRMS INTRODUCED TO
INDIAN MARKETS, 25 TRADE/INVESTMENT OPPORTUNITIES, AND AT
LEAST 10 AGENCY ARRANGEMENTS.

(1.4) OIL FIELD EQUIPMENT, CHEMICAL PLANT
EQUIPMENT, AND MACHINERY FOR THE PULP AND PAPER INDUSTRY:
MARKET RESEARCH IN THESE THREE PRODUCT AREAS (INITIATED
IN FY 75) WILL BE COMPLETED WITHIN THIRTY DAYS AND RECOMMENDATIONS
MADE CONCERNING APPROPRIATE TRADE PROMOTIONAL EFFORTS FOR EACH
CATEGORY.SCHNEIDER

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INFO OCT-01 NEA-09 ISO-00 EB-07 USIA-15 STR-04 OMB-01

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ABF-01 /107 W

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P R 241125Z JAN 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 6493

INFO AMEMBASSY ISLAMABAD

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7. SECTION II: OTHER PRIORITY PROJECTS

(2.1) BARTER/LINK DEAL PROJECTS: WE WILL
CONTINUE OUR EFFORTS TO PROMOTE SPECIAL TRADING ARRANGE-
MENTS (SEE REF B).

EXPECTED RESULTS: SALES OF AT LEAST DOL\$5 MILLION
WORTH OF TEXTILE MACHINERY AND DOL\$10 MILLION OF POWER
GENERATING EQUIPMENT. ALSO WE WILL CONTINUE OUR EFFORTS
TO ACTIVELY PROMOTE NON-BARTER SALES OF THESE PRODUCTS AS
A FOLLOW UP TO THE TWO TRADE MISSIONS WHICH VISITED INDIA IN
EARLY 1974.

(2.2) RESEARCH PROJECT ON AMERICAN INVESTMENT
AND UPDATE OF BUSINESS DIRECTORY: IN ORDER TO BE OF
MORE ASSISTANCE TO CURRENT AND POTENTIAL INVESTORS WHO
MUST DEAL WITH INDIA'S COMPLICATED LEGISLATION AND CHANGING
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CONDITIONS, WE PROPOSE TO ADD CONSIDERABLY TO OUR KNOWLEDGE OF THE 400 EXISTING INDO-US JOINT VENTURES. WE PLAN TO REQUEST DOLS1000 FOR LOCAL TRAVEL AND CLERICAL ASSISTANCE. IN ADDITION, WE REQUIRE DOLS1500 TO PUBLISH A REVISED DIRECTORY OF AMERICAN BUSINESS VENTURES IN INDIA. THIS DOCUMENT, WHICH HAS BEEN OF INESTIMABLE VALUE TO BUSINESS VISITORS AND WASHINGTON END USERS, WAS FORMERLY FUNDED FROM USAID TRUST FUND RESOURCES. SUCH FUNDS ARE NO LONGER AVAILABLE.

(2.3) UPGRADING THE COMMERCIAL LIBRARY:
(SEE DELHI A-400, 1974 AND STATE A-9116, 1974). WE REQUEST THE ASSISTANCE OF COMMERCE AND STATE IN SEEKING AN INCREASE IN POST FUNDS FOR ADDITIONAL PUBLICATIONS IN THE LIBRARY.

(2.4) INCREASED ALERT REPORTING ON INDIAN JOINT ECONOMIC VENTURES IN THIRD COUNTRIES WHICH COULD PRESENT SIZEABLE TRADE OPPORTUNITIES FOR US SUPPLIERS: THE NUMBER OF SUCH PROPOSALS APPEARS TO BE ON THE INCREASE AND THEY GENERALLY INVOLVE COUNTRIES WHICH DO NOT FACE FOREIGN EXCHANGE CONSTRAINTS. CLOSE CONTACT WITH GOI AGENCIES AND WITH INDIAN FIRMS WHICH WILL SUPPLY ENGINEERING/ CONSTRUCTION SERVICES IN THESE PROJECTS COULD RESULT IN IMPROVED CHANCES FOR SELECTION OF US EQUIPMENT. THESE CONTACTS SHOULD BE WELCOMED BECAUSE INDIAN CHANCES TO WIN CONTRACTIONS MAY BE ENHANCED BY POSSIBILITIES OF US SUPPLIER PARTICIPATION.

(2.5) INCREASE PUBLICITY FOR US PRODUCTS:
TRADE PROMOTION EFFORTS AND JOINT INDUSTRIAL VENTURES THROUGH USIS PUBLICATIONS, SEMINARS, AND OTHER PROGRAMS. WORK WITH USIS TO INCREASE EXPOSURE OF INDIAN END USERS TO LEADING US TECHNICAL JOURNALS.

(3) POSTPONED PROJECTS: TRADE MISSIONS IN AREAS OF (A) SHIPBUILDING AND PORT MAINTENANCE EQUIPMENT AND (?) MACHINE TOOLS. (SEE REF B). WE HOPE TO INCLUDE THESE ACTIVITIES IN THE 1977 CCP, PROVIDING PROSPECTS FOR ALLOCATION OF FOREIGN EXCHANGE FOR THESE ITEMS IMPROVE. CAMPAIGNS IN THE AREAS OF PUMPS AND VALVES, PACKAGING AND
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PROCESSING MACHINERY AND HOTEL INDUSTRY EQUIPMENT WILL ALSO MOVE INTO THE ACTIVE PHASE IN FY 1977.

8. SECTION III: ECONOMIC/COMMERCIAL ORGANIZATIONAL CHARG
EMBASSY ACTION GROUP:

MINISTER; COMMERCIAL COUNSELOR; COMMERCIAL A
ATTACHE.

ECONOMIC/FINANCIAL:

2 FSO 2; 1 FSO4; 1 FSO 5; 1 GS 14; 1 FSL 1; 1 FSL 2;
1 FSL 3; 1 FSL 5; 1 FSL 7.

COMERCIAL:

1 FSO 2; 2 FSO/R 5; 1 FSS 6; 1 FSL 1; 1 FSL 2; 2 FSL 3;
1 FSL 4; 1 FSL 6.

THREE CONSULATES GENERAL:

1 FSO 2; 1 FSO 3; 1 FSO 4; 2 FSO/R 5; 3 FSL 1; 2 FSL 3;
2 FSL 4; 1 FSL 5; 5 FSL 6; 1 FSL 7; 1 FSL 9.

9. CAMPAIGN SHEETS BEING SENT IN SEPARATE CABLE.SCHNEIDER

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: n/a
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Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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05 JUL 2006

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